

House Republican Press Release

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Reps Ferrari, Fahrbach Testify in Favor of Prevailing Wage Reform Measure



Bill Would Lower Cost of Public Works Projects to Towns, Create Jobs

State Representatives Richard F. Ferrari, R-62nd District, and Ruth C. Fahrbach, R-61st District, today testified in favor of legislation that would lower the cost of public works projects to municipalities, encourage towns to move ahead with long-

delayed local projects and create more jobs for construction workers around the state.

“With all the discussion about property tax reform and the need to address local property taxes, we need to take a long hard look at the reasons why property taxes are so high. One reason is unfunded state mandates - including the prevailing wage,” Representatives Ferrari and Fahrbach said today in testimony before the state legislature’s Labor and Public Employees Committee, which held a public hearing on the measure (House Bill 5741, An Act Concerning The Prevailing Wage Thresholds).

Under current law, workers employed on state and local government construction projects costing more than \$400,000 or on state and local alteration and repair jobs costing more than \$100,000 must be paid at a rate equal to the rate prevailing for the same work in the same trade or occupation in the town in which the public works project is being constructed, which usually translates to union scale wages.

Quoting from the February 2006 edition of Connecticut Town and City, which is published by the Connecticut Conference of Municipalities, the legislators said: “One of the most onerous mandates, many say, is the requirement that cities and towns pay the prevailing wage rate for public construction projects, which can be as much as 30 percent higher than the amount paid for private projects. (Michigan recently saved \$250 million when it imposed a three-year moratorium on its prevailing wage mandate.)”

“Here in Connecticut, in 1985, the threshold for prevailing wage rates was set at \$50,000 for alteration and repair projects and at \$250,000 for new construction projects. (Public Act 85-355). Just six years later the legislature voted to double both of those thresholds to \$100,000 and \$400,000 respectively. In the 15 years since, the legislature has not raised these thresholds one single dollar. During this same 15 year period inflation has risen 45.6 percent,” the legislators told the committee.

“A 45.6 percent increase in inflation means that a project in 1991 that cost \$100,000 would cost \$145,600 today and a \$400,000 project in 1991 would cost an astounding \$582,400 in today’s money. Given those numbers we are asking that the committee approve increases in the prevailing wage thresholds to \$500,000 for remodeling and refurbishing projects and \$1 million for new construction projects as proposed in the legislation you are considering today,” Representatives Fahrbach and Ferrari testified.

Because Connecticut's prevailing wage law adds significantly to the cost of most public works projects, many municipalities postpone badly-needed repairs and renovations and put off construction of major new projects (such as schools) for years at a time. The delays add inflationary costs to the projects and mean fewer jobs for construction workers, the legislators said.